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By fax: 609-298-7708 (4 pages)
Christina Foglia
Community Investment Strategies
201 Crosswicks Street
Bordentown, NJ 08505

Dear Chris:

Following your recent conversations with me and Kevin D. Walsh, and in view of the information you sent to us, I am writing to set forth what information we need to evaluate whether the tax credit allocation that is the subject of pending litigation should be released and, if so, under what conditions.

First, you have indicated that the housing values in the neighborhood in which the Hope VI redevelopment is occurring have increased recently. Information regarding that increase and the demographics of the neighborhood would permit us to evaluate whether additional affordable housing units will perpetuate or exacerbate racial and economic segregation. If the schools have been positively impacted, please let us know.

Second, you have indicated that the Elizabeth Housing Authority is willing to increase to 110% of FMR the value of the Section 8 vouchers held by those who relocated as a result of demolition related to the Hope VI redevelopment. That proposal is not sufficiently broad in scope or in the degree of increase. The attached document entitled "Proposed Enhanced Mobility Program," which the Newark Housing Authority has agreed to implement, describes what we would like to see. Prior to evaluating whether that is possible, we need to know the details of the EHA's Section 8 voucher program, including where Hope VI relocatees have moved to, how many voucher holders there are in the entire system, and whether the EHA is willing to adopt a broader mobility program.

Third, please advise me of the demographics of housing units that already have been occupied as part of the Hope VI project and set forth in a chart the income ranges and types of housing which comprise the total housing in the Hope VI project, including your tax credit housing. We want to know that percentage of low- and moderate-income, versus market-rate units in the total Hope VI project.

Fourth, any information you have that demonstrates that HUD considered site selection criteria, rather than just excused the site because it was connected with a Hope VI project, would be helpful.

Please contact me or Kevin with any questions or concerns. Thanks.

Sincerely,


Peter J. O'Connor
Executive Director

Proposed Mobility Enhancement Program

1. Using 2000 Census data, prepare a series of maps of SMSAs or other appropriate market areas showing census tracts with various percentages of rental units available by rental ranges expressed as percentages over 100 percent of Fair Market Rents, overlaid by data about racial, ethnical, and economic concentration. The opportunity areas would be those census tracts with significant amounts of affordable housing that are not racially, ethnically, or economically concentrated. These maps are for the use of the PHA with concentrated housing.

As soon as the maps are available, raise the payment standard to 110 percent of Fair Market Rent and apply to HUD for higher payment standards as justified by the map data. HUD has approved opportunity rents up to nearly 160 percent of Fair Market Rents in some cases.

A further refinement that would make the maps more valuable would be an overlay of the public transportation routes. New Jersey has much better public transportation than many areas, but not all areas are served.

2. Contact all agencies that administer Section 8 in the mobility opportunity areas identified. Explain the Mobility Opportunity Program's purpose - to help Section 8 recipient families relocate to areas of lower racial, ethnic and economic concentration. Cooperation is essential because the opportunity rent structure must be adopted by the receiving PHA as well as the sending PHA. For example, if a family located housing within the opportunity rent in Union County, the PHA there must grant the opportunity rent for the housing to be affordable.

If the receiving PHA can absorb families porting in¹, the sending PHA, in effect, gets the voucher back to issue to a new family from the Section 8 waiting list. If the receiving PHA cannot absorb the families, the administrative fee is split between the sending and receiving PHAs in a way that reflects their ongoing level of effort.

A second point upon which coordination is key relates to participating landlords. Every PHA that administers the Section 8 program is always trying to recruit additional landlords, but sharing landlord lists would keep the sending PHA from reinventing the wheel and focusing its efforts cost effectively. This landlord recruitment effort also benefits the receiving PHA.

3. Begin additional landlord recruitment in the opportunity areas. In some cases, increasing the rents to 120 percent of Fair Market Rents will be all that is necessary to attract new landlords.

4. Develop a mailer that will be given to new Section 8 voucher holders and to all current voucher recipients in the 8th month of their current leasing years. The mailer would explain the Mobility Opportunity Program and point out that current voucher holders have the right, under program rules, to relocate at the end of their lease term, so long as they are lease compliant and provide proper notice.

¹ In other words, the receiving PHA accepts the porting family into their Section 8 program - that is what is meant by "absorbing" the family.

Current voucher holders are more likely to make mobility moves than are first time voucher recipients, because current participants have generally mastered the ins and outs of the private rental market and such issues as paying their own utilities. For the mobility program to be of optimal value to these families, it is critical that they be informed about it in time to locate a unit and give their current landlord sufficient notice to reclaim their security deposit. They must also notify the PHA of their mobility move.

5. Develop a profile of families who are likely to be able to use a Mobility Opportunity Voucher - characteristics such as employment of family head or other adult, ownership of a reliable automobile, children who are school age, no family members with serious or chronic health problems, etc. have been significant predictors of success in other mobility programs. Mobility Opportunities would be offered to all voucher holders, but these families are more likely to be able to benefit.

6. For each opportunity area, work with the local PHA to package information families will need on such topics as schools, employment and job training opportunities, public transportation, child care, and other social services families may need. It will be important to make clear exactly how a person who moves to an opportunity area could get back to the original area if they are currently employed there. The mobility program becomes pointless if people lose their jobs because of moving.

7. Establish an advisory board of agencies and organizations that deliver services in the mobility areas and between the central city and the mobility area. The advisory board has two functions - to carry information from its members back to their agencies about the mobility opportunity program, and to provide information to the PHAs that will improve their ability to do better information and referral services.

8. Develop and implement a mobility opportunity information session that would be offered twice each month to interested families. (One monthly session would be offered in the daytime and one in the evening). The session would explain the Mobility Opportunity Program and would use marked county maps to identify mobility areas. Families would be told how and when they could obtain additional information about neighborhoods in which they have interest. Portability would be explained. Special emphasis will be placed on two program areas - rent reasonableness and the forty percent of adjusted income maximum rent limitation. If a van is available, the information session could be followed by a regularly scheduled monthly tour for interested families (based on demand).

Rent reasonableness is designed to prevent HUD (and the taxpayer) from over-subsiding housing. It requires the PHA administrator to determine the rent charged for a comparable unsubsidized unit and the subsidized rent cannot exceed this amount. It should probably be noted at this point that rent reasonableness generally prevents the use of higher rents in areas of racial, ethnic or economic impaction because market rents tend to be lower in these neighborhoods. This is the intended effect since prior to this requirement the Section 8 program had an inflationary effect on rents in marginal neighborhoods.

The forty percent limitation is a statutory limit on the percentage of adjusted income families are permitted to commit to rent at the point of initial lease-up. The regulations stipulate that no family may rent a unit whose gross rent (rent to the landlord plus the utility allowance) is greater than the maximum housing assistance

payment plus forty percent of the family's adjusted monthly income. The maximum housing assistance payment is the payment standard less thirty percent of adjusted monthly income or minimum rent, whichever is higher. Thus, a family is permitted to pay more than thirty percent of monthly adjusted income, but not more than forty percent.

9. Establish goals, timetables and benchmarks against which the success of the mobility opportunity program can be measured. Goals would relate to landlord recruitment, as well as families making mobility moves. Establish a feedback loop for program revision based on actual experience.

10. Set up a tracking system that will show the racial, ethnic and economic concentration of the locations where all voucher holders live, all mobility moves, with profiles of the families who have moved, and the location shifts over time. Track progress against the goals, timetables and benchmarks established in step 9.

11. Apply for additional housing choice vouchers should any become available. In the current budget year this looks like a vain hope, but future years may, once again, include some new assistance.